

BALDWIN REPORTS
BIG GAIN IN GROSSBut Net Profits Decreased
More Than \$2,500,000
Last Year.

SALES WERE \$123,179,251

Company Charged \$12,509,816

Off for Depreciation

in 1918.

Although the gross sales for the year ended December 31, 1918, as shown in the annual report of the Baldwin Locomotive Works, were about \$123,000,000 in excess of those for the preceding year and gross profit for the year increased more than \$7,000,000, the net profit after all charges before dividends was smaller by \$2,500,000 than in 1917, and was equivalent to \$21.22 a share on the common, against \$24.53 a share in 1917. The amount for the decline in net profit was accounted for by the decline in both gross sales and gross profit was the heavy charges for depreciation, which were increased about \$5,000,000; the increase of more than \$1,000,000 in depreciation and adjustment write off and an advance of more than \$3,000,000 in amortization account.

The gross sales for the year 1918 were \$123,179,251, against \$119,262,869 in 1917. Against these figures were charged for cost in 1918, \$105,322,455 and in 1917, \$86,444,845, leaving manufacturing profit for the year just ended of \$17,856,786, against \$17,779,019 in the preceding twelve months. Other income was increased by about \$1,000,000 to \$1,909,644, bringing gross profit for the year up to \$19,766,431, compared with \$19,740,485 in 1917. Interest, rent, and other income, less deductions for gross profit, was slightly less than in 1917, so that the profit before taxes was \$19,262,112, as compared with \$19,192,810.

Depreciation Charges.

The total write off in 1918 was \$12,509,816, an increase of almost \$1,000,000. This was divided between depreciation of \$10,000,000, which was increased from \$9,000,000 to \$10,000,000; tax reserves, which were increased from \$1,750,000 to \$2,500,000; and other charges, which were increased from \$800,000 to \$1,259,816, which included depreciation of machinery, building, etc., which increased from \$1,750,000 to \$2,500,000. After making these deductions from the year's gross profit, the net profit shown in the report was but \$7,252,295, as against \$8,305,722.

The surplus for the year just ended after the deduction of the regular dividends on the preferred stock aggregating \$1,400,000, and the further deduction of \$2,500,000 in unexpended depreciation, was \$1,252,295, as compared with \$6,905,722. Added to previous surplus of \$1,400,000, the total surplus as of December 31, 1918, of \$1,927,642, as against \$8,305,722.

In the review of the president, Alva B. Johnson, covering the year 1918 it was declared that operations in 1918 were on the same basis as in the previous year, but the plant was expanded as nearly to its full capacity as possible for the entire year. Both the production and the quality of the products, however, were as good as in the previous year.

"There were constructed," he declared, "232 locomotives and eleven railway motor cars, and 1,100 pieces of other machinery for 7 inch gauge, including a value of \$199,519,970.63; other work was completed amounting to \$1,262,231.32, including the value of every kind amounted to \$123,179,251.32.

Contracts with various departments of the United States Government for locomotives, gun motors, tanks and other material to a value of approximately \$65,000,000 were cancelled after the signing of the armistice.

Shop at Edgemoor.

The new erecting shop at Edgemoor, constructed at a cost of \$3,226,740, and used to be of increasing value in increasing production to meet the demands of the nation. There has been charged off \$1,513,470 as the excess cost to build and equipping it under war conditions. Other expenditures for plant improvements and machinery, chargeable to capital account, amounted to \$1,140,000, leaving the total cost of the new plant at \$5,880,210. A reserve for taxes has been set aside for depreciation of plant at \$150,000. A reserve for taxes has been set aside for depreciation of plant at \$150,000.

"During the year 1918, acting in conformity with Government regulations, no work was accepted other than that authorized by the Government. When the armistice was signed, hostilities were suspended, and, as heretofore stated, \$20,000,000 of contracts entered into were cancelled. The price contracts were cancelled and set aside to give precedence to Government orders had been taken in contracts were lower than at present. The cancellation of these delayed contracts will undoubtedly result in a reduction of profits and in many cases considerable loss. The uncancelled Government contracts are now largely completed and there are no longer prospects of further Government orders.

"The railroad of the United States, now being naturally left to the Federal Government, and under the control and operation of the United States Railroad Administration, which is pursuing a policy of retrenchment of expenditures. The price contracts were cancelled and set aside to give precedence to Government orders had been taken in contracts were lower than at present. The cancellation of these delayed contracts will undoubtedly result in a reduction of profits and in many cases considerable loss. The uncancelled Government contracts are now largely completed and there are no longer prospects of further Government orders.

LOOSE-WILLES PROFITS OFF.

Report Shows Only \$35.45 a Share

on First Preferred.

The annual report of the Loose-Wiles Company, covering the operation for the past year, shows, after deduction of taxes, charges and contingencies, a net income of \$1,053,232, equal after the deduction of dividends on the first preferred stock to \$35.45 a share earned on the second preferred, which compares with \$43.91 a share earned on the second preferred in the preceding year. The balance sheet shows notes and accounts payable in excess of \$2,600,000, which is explained by President J. L. Loose in his remarks as follows:

"The necessity for increased working capital, together with the great growth of a business, has made it necessary for the company to increase its working capital. The balance sheet shows notes and accounts payable in excess of \$2,600,000, which is explained by President J. L. Loose in his remarks as follows:

BANKERS APPROVE
THE CALDER BILL

Would Admit Mutual Savings

Banks to Federal Reserve

System.

In a statement given out yesterday afternoon the American Bankers Association announced that it approved and would support the bill introduced in the Senate by Senator Calder, which would permit mutual savings banks to become members of the Federal reserve system. The statement reads:

"The bill has the approval of and is being urged by the American Bankers Association and is the result of the suggestion of the savings bank section of that association, which has made a very careful study of the matter that the bill contains. It will undoubtedly have the full support of the savings banks of the country and if passed will tend to add another bulwark of strength to the mutual savings institution."

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PAPER EARNINGS INCREASE.

Report Will Show \$10.02 a Share

on Preferred.

The surplus of American Writing Paper Company for the year ended December 31, 1918, was \$1,002,000, a share on the preferred stock after all charges, taxes, etc., according to an estimate made yesterday by President George A. Wallcut at the annual meeting of the stockholders. This compares with a surplus of approximately \$1,200,000 at the end of 1917.

NORTHERN CENTRAL REPORTS.

Very Little Change Shown in

Road's Net Income for 1918.

Northern Central Railway Company reports for the year ended December 31, 1918, net income after expenses and interest of \$2,166,283, which compares with \$2,166,283 in 1917.

FINANCIAL NOTES.

The committee on clearing of the New

York Stock Exchange directs that Equi-

table Trust Company, representative of

American shares, representative of the

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DEFERRED ACTION
BY I. R. T.

April 1 Interest Payment

Half Provided, Accord-

ing to Report.

PREFERRED STOCK IS HIT

Condition of Finances Now

Causes Receivership Ru-

mors to Grow.

Another step in the direction of a receivership for the Interborough Rapid Transit Company, which operates the subway and elevated lines in this city, was taken yesterday when the directors took no action regarding the quarterly dividend which was due for consideration at the meeting. Such a step would follow possible failure to pay on April 1 the semi-annual interest on \$7,525,000 Interborough-Metropolitan 4 1/2 per cent. collateral trust bonds, amounting to \$1,250,000.

The interest has been declared to be wholly dependent on the dividends declared by the Interborough Rapid Transit Company, and these dividend payments apparently have been stopped.

That a receivership, similar to the predicament of the Brooklyn Rapid Transit Company, is far from a certainty, it was indicated yesterday by the statement of an official that the directors meet each week and that there is still time for a dividend declaration and by a report circulated in banking quarters that the April 1 interest payment was half provided for by the dividend of \$250 declared three months ago and the balance of \$750,000 would be provided from the surplus of the Interborough Consolidated Corporation.

On the other hand despite the absence of an official statement it was said in authoritative quarters that the operating company's dividend had been definitely passed and that Interborough Consolidated Corporation's surplus of \$1,184,143 was not large enough or liquid enough to permit the payment of the balance of the interest. As the matter stands a receivership is not definitely in sight, according to authoritative report, but it is admitted that the Interborough finances are in a precarious condition.

Affairs of Company.

If the Interborough Rapid Transit dividend has been passed it marks the suspension of payments that have been made since 1907. Beginning with 1907 for four years the rate was 2 per cent per annum, an amount just large enough to pay the interest on Interborough-Metropolitan 4 1/2 per cent. In 1911 the rate was 10 1/2 per cent in 1912 15 per cent, in 1913 12 per cent, in 1914 15 per cent, in 1915 22 1/2 per cent, and from the beginning of 1916 to the end of the first quarter of 1918 20 per cent. On May 28, 1918, the rate was cut in half to 10 per cent per annum and that rate was maintained until the first quarter of 1919, when it was cut to 5 per cent per annum.

The traction on the Interborough Rapid Transit dividend, it is held, wipes out all possibility of a distribution on the \$4,570,500 preferred stock of the Interborough Consolidated Corporation of the \$2,525,000 of common stock without paying the 1918 dividend. It is said, the payment of interest on the Interborough-Metropolitan bonds, but it is more important to the question as to whether contracts were not too low compared with middle cotton in the South to attract deliveries of low grades at the extraordinary amounts now prevailing. March sold up to 22 1/2 per cent, in 1913 12 per cent, in 1914 15 per cent, in 1915 22 1/2 per cent, and from the beginning of 1916 to the end of the first quarter of 1918 20 per cent. On May 28, 1918, the rate was cut in half to 10 per cent per annum and that rate was maintained until the first quarter of 1919, when it was cut to 5 per cent per annum.

"With our entry into the war the costs of everything mounted higher and higher. It became necessary in order to complete the term of the contract to raise about \$400,000 in addition to the \$100,000,000 originally provided. This was done by the issue of \$1,000,000 of bonds, secured by the \$1,000,000 of the first and refunding mortgage bonds as collateral. This, of course, was a heavy burden on the fixed charges payable for interest and sinking funds, and in addition operating costs increased. Wages and materials were on a war basis, and the Government's demands have been increasing. The total amount of wages (for operation and maintenance) at the rates of pay in effect during 1918, was \$4,250,000, a year greater than the amount would be at the wage rates paid at January 1, 1916.

Plan to Meet Deficit.

The outstanding facts are that war

conditions have established wage rates

which the Interborough Rapid Transit

company has been obliged to meet, and

the Government has set prices for most

important materials which it is obliged

to pay. On the other hand, the rate of

raw cotton has been increasing, and

the rate of interest on the bonds has

increased. The deficit is therefore

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EXECUTOR

Chartered 1822

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London

Foreign Exchange

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Little Shares

Cities Service, Common

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Certificates can be easily handled and

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CLAUDE MEEKER

Stock Broker

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Telephone Bowling Green 6540.

COTTON FUTURES STEADY.

B. & M. PLAN IS SUBMITTED.

Consolidation Scheme is Worked

Out by Road's Officials.

BOSTON, Feb. 25.—Hearings before the

Public Service Commission on the petition

for reorganization of the Boston and Maine

Railroad in this State began today. Coun-

sel representing the Boston and Maine

Stockholders Association said a long legal

battle over the proposed consolidation of the

road began the introduction of evidence

in support of the reorganization plan.

Counsel for the Boston and Maine

presented a plan for consolidation which

would be based on the fact that the

road is a single system, and that the

consolidation would be a mere change of

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